

**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY**

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Application of  
**Gateway Technologies, Inc**  
and of  
**T-NETIX, Inc.**  
for Authority to Transfer Control

OFFICE OF THE  
EXECUTIVE SECRETARY  
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)  
)  
Docket No.

99-00499

**APPLICATION**

Gateway Technologies, Inc. and T-NETIX, Inc. ("Applicants"), pursuant to Tennessee Code Annotated Section 65-4-112, hereby respectfully request approval by the Tennessee Regulatory Authority ("Authority") of a transfer of control stock transaction between T-NETIX, Inc. ("T-NETIX") and T-NETIX Acquisition Corp. ("Acquisition") and Gateway Technologies, Inc. ("Gateway"). Through the proposed transaction, Gateway will become a wholly-owned subsidiary of T-NETIX, but will operate as a separate entity. Gateway is currently certified to provide intrastate telecommunications services in Tennessee, and will continue to operate as a telecommunications services provider in the state after the proposed transfer of control.

Applicants respectfully request that the Authority issue an order approving the transaction and in support of this Application, provide the following information:

**I. PARTIES TO THE TRANSACTION**

Gateway is a privately held corporation organized pursuant to the laws of the state of Texas. The company offers automated operator assisted calling to inmates of prisons, jails and other confinement institutions. Gateway was granted authority to operate within Tennessee as a Reseller and Alternative Operator Service Provider in Case No. 97-00017 effective May 23, 1997.

In addition to the services provided in Tennessee, Gateway is authorized to provide institutional services in 41 other states, either pursuant to certification or registration, or on an unregulated basis. Gateway is also authorized by the FCC to provide interstate services.

Gateway Technologies, Inc. will continue its operations from its current headquarter location:

Gateway Technologies, Inc.  
1544 Valwood Parkway  
Suite 102  
Carrollton, Texas 75006  
Telephone: (972) 241-1535  
Facsimile: (972) 241-1537

T-NETIX is a publicly held Colorado corporation traded on the NASDAQ exchange under the symbol TNTX. T-NETIX is a manufacturer of equipment utilized by inmate service providers. In addition, the company provides automated operator assisted calling for use by inmates of confinement institutions in some jurisdictions. T-NETIX was granted authority to operate within the State of Tennessee as a Reseller and Alternative Operator Service Provider in Case No. 96-01669 effective February 6, 1997. However, the company does not currently provide service to Customers within Tennessee.

Information concerning the technical, managerial and financial qualifications of both Gateway and T-NETIX to provide service in Tennessee was submitted with their respective applications for certification filed with the Authority in the dockets noted above, and those qualifications are, therefore, already a matter of record at the Authority.

## **II. CONTACT INFORMATION**

Correspondence or communications pertaining to this application should be directed to:

Hal Stringer  
Consultant to Gateway Technologies, Inc.  
Technologies Management, Inc.  
210 N. Park Avenue  
Winter Park, Florida 32789

A copy of any correspondence should also be directed to:

Ms. Nancy Lee  
Treasurer  
Gateway Technologies, Inc.  
1544 Valwood Parkway  
Suite 102  
Carrollton, Texas 65006

Mr. John Giannaula  
Vice President Finance and Secretary  
T-NETIX, Inc.  
67 Inverness Drive East  
Englewood, Colorado, 80112

### **III. REQUEST FOR APPROVAL OF STOCK TRANSACTION**

On February 10, 1999, Gateway and T-NETIX entered into an Agreement and Plan of Merger. The transaction will be accomplished through the creation of a special subsidiary of T-NETIX, Inc. known as T-NETIX Acquisition Corp. ("Acquisition"). Acquisition will merge with and into Gateway, and Gateway will become a wholly owned subsidiary of T-NETIX. Upon completion of the transaction, T-NETIX will own 100% of the outstanding shares of Common Stock in Gateway Technologies, Inc. The closing date for the transaction was June 14, 1999.

### **IV. FINANCIAL AND OPERATIONAL IMPACT**

The transfer of control will create one of the largest inmate calling services providers within the United States with projected annual revenues exceeding \$70 million. The additional size of the merged company will provide greater financial resources and flexibility as well as offer opportunities for growth that neither company could accomplish separately.

T-NETIX does not currently provide service within the state of Tennessee. Business plans call for the future consolidation of all regulated telecommunications services into the Gateway subsidiary of the merged company. Therefore, T-NETIX will request cancellation of its certificate in a separate letter or petition following completion of the above transaction.

### **V. CUSTOMER IMPACT**

This transaction will be transparent to the customers of Gateway as there will be no interruption of service or change in the management or operation of the Company. The transfer of ownership will have no effect on the Company's name, address, contact information, services, rates or terms and conditions of service. The Company will continue to market, brand and bill under the Gateway Technologies, Inc. name.

### **VI. PUBLIC INTEREST CONSIDERATIONS**

Applicants have determined that the proposed transaction will improve operational efficiency, provide Applicants with greater flexibility to obtain financing for future expansion, and will secure their competitive position in the institutional telecommunications marketplace. Consequently granting of the Application is consistent with the public interest in promoting competition among telecommunications carriers in Tennessee.

WHEREFORE, Gateway Technologies, Inc. and T-NETIX, Inc. submit that the public interest, convenience and necessity would be furthered by a grant of this Application and respectfully request that the Tennessee Regulatory Authority approve their request for a transfer of control stock transaction between T-NETIX, Inc. and Gateway Technologies, Inc.

By: Nancy K. Lee  
Nancy Lee  
Treasurer  
Gateway Technologies, Inc.

Dated: 6/30/99

By: John S. C.  
John Giannaula  
Vice President Finance and Secretary  
T-NETIX, Inc.

Dated: 7-6-99

## VERIFICATION

I, Nancy Lee, hereby declare under penalty of perjury, that I am Treasurer of Gateway Technologies, Inc., a Joint Applicant in this proceeding; that I am authorized to make this verification on the Gateway's behalf; that I have read the foregoing application; and that the facts stated therein are true and correct to the best of my knowledge, information and belief.

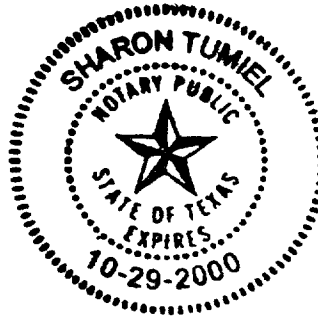
Nancy K. Lee  
Nancy Lee

Sworn to and subscribed before me this 30<sup>th</sup> day of June, 1999.

Sharon Tumiel  
Notary Public


My Commission expires:

10/29/99

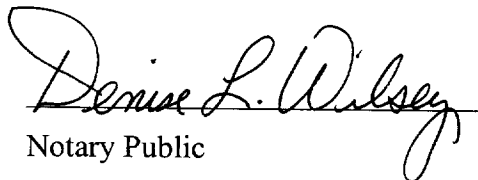


## VERIFICATION

I, John Giannaula, hereby declare under penalty of perjury, that I am Vice President Finance and Secretary of T-NETIX, Inc., a Joint Applicant in this proceeding; that I am authorized to make this verification on the T-NETIX's behalf; that I have read the foregoing application; and that the facts stated therein are true and correct to the best of my knowledge, information and belief.

  
John Giannaula

Sworn to and subscribed before me this 6<sup>th</sup> day of July, 1999.

  
Notary Public

My Commission expires:

12/28/99